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SECRETARY, BOARD OF
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DIV. OF OIL, GAS & MINING

September 14, 2011

Utah Division of Oil, Gas & Mining
1594 West North Temple, Suite 1210
P.O Box 145801
Salt Lake City, Utah 84114-5801

RE: Docket No. 2009-001
Cause No. 196-41

Dear Board:

In accordance with the Board order dated March 18, 2009 Fidelity Exploration & Production Company is providing a written report detailing the number of operating wells in the Cane Creek Unit, the status of the Wells, including production to date from the Wells, gas flared to date, the price of oil and gas and any other information that may bear on the economics of the preferred pipeline or other alternatives.

Well Status

As of June 2011, there are currently are five (5) producing wells within the Cane Creek Unit (CCU): Kane Springs (KS) 2-1, the Kane Springs Federal (KSF) 27-1, KSF 34-1, KSF 10-1 and KSF 19-1. There are also two (2) shut-in wells: the CCU 24-1, and CCU 1-1.

Production

Cane Creek Unit Production Since Property Purchase

	24-1		1-1		KS 2-1		KSF 27-1	
<i>Date</i>	<i>bbl</i>	<i>mcf</i>	<i>bbl</i>	<i>mcf</i>	<i>bbl</i>	<i>mcf</i>	<i>bbl</i>	<i>mcf</i>
2007	23,301	17,348	0	0	30,590	41,704	8,604	8,367
2008	75,160	52,069	65,490	68,943	23,017	28,255	8,161	7,857
2009	29,034	67,461	49,126	51,143	18,286	16,517	6,097	6,053
2010	4,428	21,002	15,375	13,787	14,980	9,957	8,839	9,448
2011 (thru Jun)	32	0	470	341	6,838	3,399	3,868	3,965
CUM.	131,955	157,880	130,461	134,214	93,711	99,832	35,569	35,690

Cane Creek Unit Production Since Property Purchase Continued

	KSF 34-1		KSF 10-1		KSF 19-1		TOTAL CCU	
Date	bbl	mcf	bbl	mcf	bbl	mcf	bbl	mcf
2007	6,985	7,845	11,898	8859	9,746	8824	91,124	92,947
2008	6,113	6,400	10,860	7,454	9,937	5,193	198,738	176,171
2009	6,453	3,734	9,972	4,423	9,806	3,920	128,774	153,251
2010	5,656	3,463	9,263	6,470	9,369	4,286	67,910	68,413
2011 (thru Jun)	2,575	1,358	4,423	3,817	4,256	1,966	22,462	14,846
CUM.	27,782	22,800	46,416	31,023	43,114	24,189	509,008	505,628

Current daily production for the month of June 2011 averages 111 BOPD and 69 MCFD for the seven wells.

Pricing

Oil Net Realized Pricing (WTI-\$5.75)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2007	48.76	53.53	54.69	58.23	57.70	61.74	68.37	66.61	74.16	80.05	89.02	85.94
2008	87.22	89.64	99.70	106.83	119.65	128.13	127.62	110.92	98.36	70.86	51.56	35.37
2009	35.96	33.34	42.19	43.90	53.28	63.89	58.40	65.30	63.66	69.97	72.24	68.72
2010	72.58	70.64	75.45	78.54	67.99	69.59	70.57	70.85	69.49	76.14	78.50	83.40
2011	83.42	82.83	97.11	103.78	95.15	90.51						

<http://tonto.eia.doe.gov/dnav/pet/hist/rwtcm.htm>

Gas Net Realized Pricing (NYMEX-\$1.35)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2007	4.35	5.45	5.30	4.91	5.40	5.27	4.86	4.41	3.95	4.43	5.11	5.52
2008	6.03	6.67	7.28	7.52	8.61	9.01	9.44	6.86	5.36	4.29	3.88	4.59
2009	3.25	2.35	2.03	1.83	1.88	2.03	2.10	2.02	1.63	2.48	2.85	3.31
2010	3.79	3.54	3.01	2.57	2.69	2.90	3.01	2.87	2.41	2.34	1.99	2.61
2011	2.73	2.88	2.55	2.63	2.77	2.84						

<http://tonto.eia.doe.gov/dnav/ng/hist/n9190us3m.htm>

Economics

As both the CCU 24-1 and CCU 1-1 are currently shut-in, there is no economic justification for a major expense in relation to marketing the associated gas.

Future Development

There are plans within the next six months to drill both the CCU #26-2 and the CCU #18-1 in the Cane Creek Unit. A re-entry of the CCU 24-1 is also being planned.

Best regards,



Marv Rygh
Vice President- Southern Rockies

cc: Harvey Dunham (Fidelity E&P – Denver)
Joe Icenogle (Fidelity E&P – Denver)
Joel Schulz (Fidelity E&P – Denver)
Mike Keller (Fidelity E&P – Denver)